

**KELSO SCHOOL DISTRICT No. 458**  
**Cowlitz County, Washington**  
**September 1, 1992 Through August 31, 1993**

---

**Schedule Of Findings**

---

1. The District Should Continue To Improve Employee Contract And Payroll Administration

Our tests of the district's compliance with state laws regarding employee compensation indicated significant improvements over prior years in its contract and payroll controls. However, some problems still exist. The district's 294 full-time-equivalent certified employees had an estimated 1,800 supplemental contracts totaling at least \$1,144,000 during the 1993 school year. The 25 employees we tested had 52 supplemental contracts and other employee payments that disclosed the following concerns:

<u>Certificated Staff</u>	<u>Basic Contract Days</u>	<u>Basic Contract Payments</u>	<u>Suppl. Contract Payments</u>	<u>Senior Staff Council</u>	<u>Leave Buy-Back Payments</u>	<u>Total Payments</u>
1. Teacher	180	\$43,098	\$11,320	\$ 644 (a,b)	\$ 238	\$55,300
2. Teacher	180	42,459	9,178	644 (a,b)	-0-	52,281
3. Teacher	180	41,602	5,747	644 (a,b)	-0-	47,993
4. Teacher	180	45,011	2,250	644 (a,b)	125	48,030
5. Teacher	180	45,011	1,000	644 (a,b)	125	46,780
6. Dir. Spec. Services	205	57,718	7,924	1,732 (a,b)	140	67,514
7. Superintendent	219	90,552	-0-	1,751 (a,b)	-0-	92,303
8. Teacher	180	45,011	4,250	-0-	(855) (C)	48,406

- a. The district awards Senior Staff Council contracts to employees who have 25 years of teaching experience (possibly less) if they submit their resignation effective by the end of the following year, which violates RCW 28A.400.220. The only additional service required is to "meet twice yearly to address pertinent issues." (The figures listed are for 1993 and do not include the amounts paid during the 1994 school year.)

RCW 28A.400.220 states in part:

(1) No school district board of directors or administrators may

...

(b) Allow any payment to an employee which is partially or fully conditioned on the termination or retirement of the employee . . . .

- b. The payroll department paid the contract amount even when there was no evidence the employee had performed the duties required by the contract.

Regarding back-up documentation to verify that additional services are actually performed, RCW 43.09.200 states:

The state auditor . . . shall formulate, prescribe and install a system of accounting and reporting . . . The accounts shall show . . . all receipts, vouchers, and other documents . . .

necessary to isolate and prove the validity of every transaction  
... (Emphasis ours.)

- c. From the basic contract of 180 days, this teacher took 30 days of leave for which he was paid. Of the total, 11.5 days were for professional leave which the district grants without deduction. The remaining 18.5 days were for personal business, yet the district deducted only one day from his leave balance. The district paid his regular salary at \$250 per day (plus benefits) for the 18.5 days, but deducted only \$90 per day for 9.5 days to help pay a substitute teacher.

The Kelso Collective Bargaining Agreement limits paid personal business leave to 2 days per year and those days are to be deducted from the employee's leave balance. Therefore, the district should have reduced this teacher's leave balance by 2 days instead of one, and reduced his pay by the remaining 16.5 days.

Regarding contracted work days, the teacher's employment contract states in part:

... employee shall teach and/or perform other assigned professional services ... for one year, which shall include 180 days of service ... said employee is to receive an annual salary of \$45,011 ...

The Kelso Collective Bargaining Agreement, Art. 3, Sect. B, regarding Compensated Leaves ) Deducted, states:

1.e. Personal Business Leave

Each employee shall be granted two (2) days per year for personal business leave ...

The individual used the time off to prepare his dissertation for a doctorate degree.

In our opinion, this was an excess use of personal business leave under the district's policy. If one employee takes leave days in excess of those granted to all such employees by the bargaining agreement, his pay should be reduced by his daily rate. At the contracted amount of \$45,011 for 180 days, the daily rate is \$250 (not including benefits). For 16.5 days, the total is \$4,125 less \$855 (the \$90 for 9.5 days the district deducted). The remaining \$3,270 should have been deducted from his pay.

In the current school year, the district has implemented new procedures to improve its contract and payroll administration. To continue that process, we recommend the district:

- a. Renegotiate the collective bargaining agreement regarding Senior Staff Council to avoid conflict with state law.
- b. Require adequate documentation that employees performed the required additional duties before they are paid.
- c. Deduct one more day from the accrued personal leave of the teacher who took leave in excess of that allowed by the bargaining agreement, and take reasonable, cost effective measures to seek reimbursement of \$3,270 for the net amount overpaid that teacher.

**KELSO SCHOOL DISTRICT No. 458**  
**Cowlitz County, Washington**  
**September 1, 1992 Through August 31, 1993**

---

**Schedule Of Federal Findings**

---

1. The District Should Comply With Federal Cost Principles For The Chapter 1 Program

The State Superintendent of Public Instruction (SPI) passes through to the district federal funds for Chapter 1 of ESEA (CFDA 84.010). Accordingly, the district must follow federal guidelines in expenditure of these funds. Those guidelines also define the Chapter 1 program as a major program at this district. The district inappropriately allocated some payroll costs to the Chapter 1 program.

Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State and Local Governments*; Attachment A, Basic Guidelines, 2. Allocable Costs, states in part:

- a. A cost is allocable to a particular cost objective to the extent of benefits received by such objective.

The district based its charges to the program on estimates which it reconciled to time and effort reports at year end. However, some of the time and effort reports were also based on estimates rather than actual time spent on the program. This resulted in errors which were not detected because the district did not adequately review the time and effort reports for accuracy.

Because our test of charges disclosed errors which both overallocated and underallocated payroll costs, we found no costs claimed in excess of actual time spent for the benefit of the program.

We recommend the district implement review procedures to ensure the time and effort reports reflect actual time used to benefit the program. We further recommend the program be charged only in accordance with time and effort reports or an alternative method approved by SPI in writing.